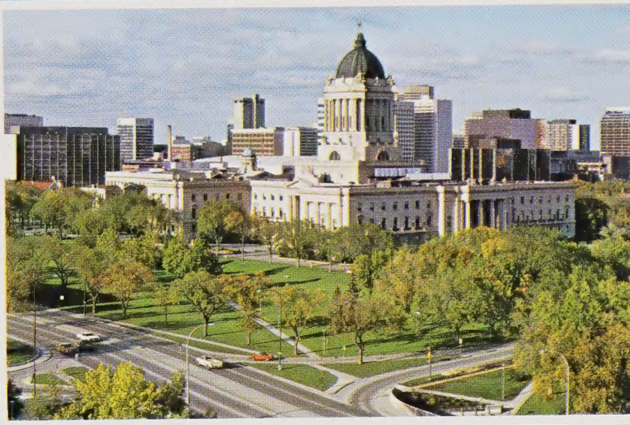

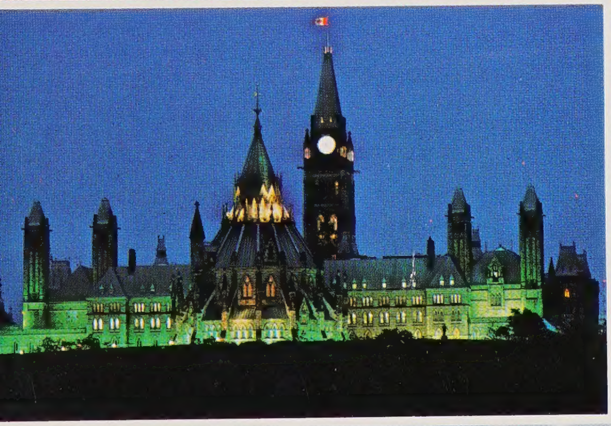

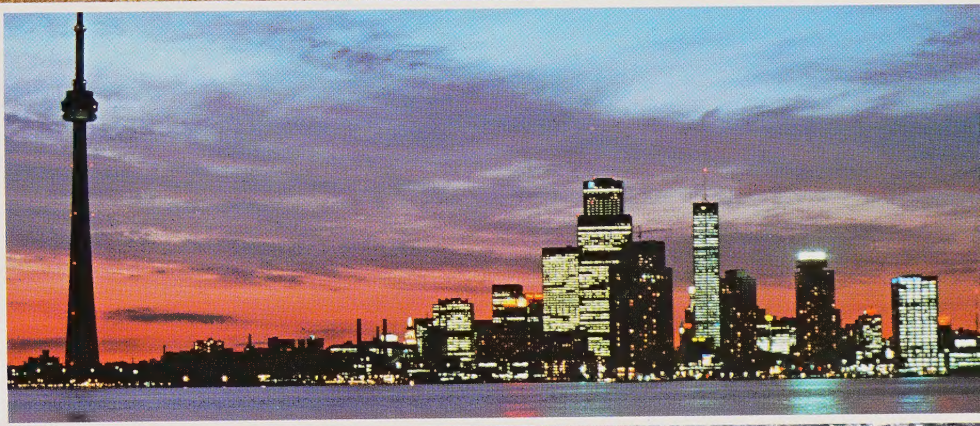

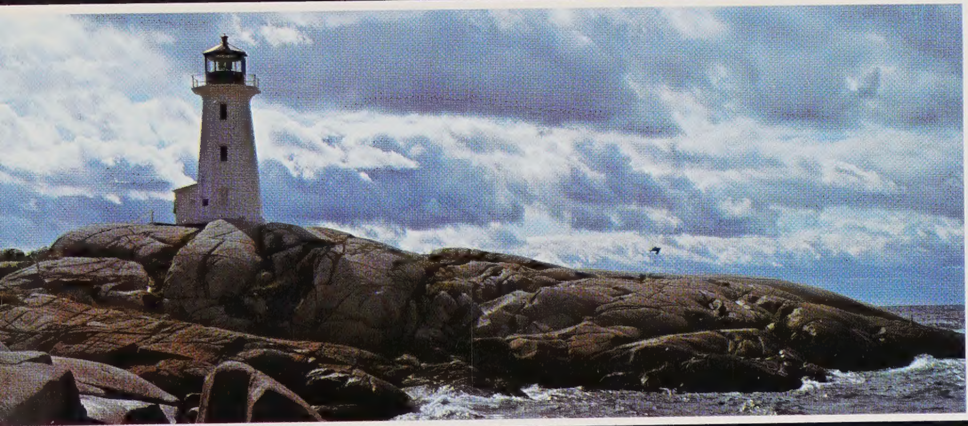

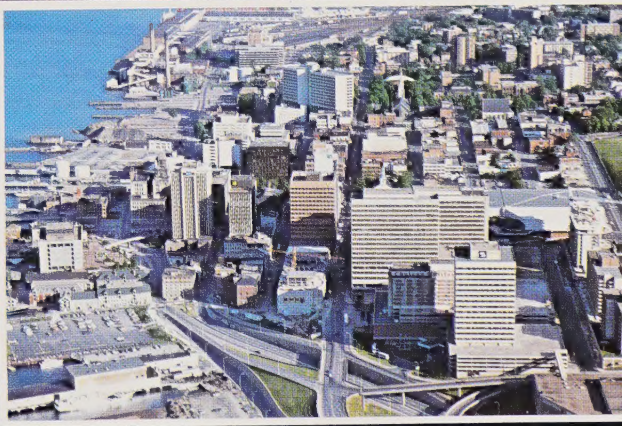

CHUM Limited
ANNUAL REPORT
for the year ended
August 31, 1981

CONTENTS

OUR COVER...
saluting The
Chum Group Companies
across Canada
and their continuing
contributions to
our achievements.

THE CHUM CHARITABLE FOUNDATION

Through the grateful generosity of many interested parties and individuals, the CHUM Charitable Foundation is able to assist the growing number of charitable institutions and organizations which request funding each year.

The Foundation's major annual project is the CHUM Christmas Wish, which insures that 2,000 or more needy Toronto and area families have a proper Christmas, complete with full dinner and gifts for each family member. This is the fourteenth consecutive year for this major undertaking, now known as the CHUM/City Christmas Wish.

HEAD OFFICE
1331 Yonge Street, Toronto, Ontario M4T 1Y1

REGISTRAR AND TRANSFER AGENT
Montreal Trust Company
Toronto, Montreal, Halifax, Vancouver

SOLICITORS
Fasken & Calvin

AUDITORS
Price Waterhouse

BANKERS
The Royal Bank of Canada

STOCK EXCHANGE LISTINGS
Toronto, Montreal, Vancouver

THE CHUM GROUP

BRITISH COLUMBIA

CFUN Vancouver

ALBERTA

CJDV Drumheller
CKBR Brooks
CHOA Stettler

MANITOBA

CFRW Winnipeg
CHIQ-FM Winnipeg

ONTARIO

CHUM Toronto
CHUM-FM Toronto
CITY-TV Toronto
CFRA Ottawa
CFMO-FM Ottawa
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CIOO-FM Halifax

Atlantic Television System
- CJCH-TV Halifax
- CJCB-TV Sydney
- CKCW-TV Moncton/Charlottetown
- CKLT-TV Saint John/Fredericton

DIRECTORS AND OFFICERS

ALLAN WATERS
Toronto
President and Director

J. WESLEY ARMSTRONG
Toronto
Vice-President, Sales
and Director

ALEXANDER A. FORBES, C.A.
Toronto
Vice-President, Finance,
Secretary-Treasurer and Director

FRED SHERRATT
Toronto
Vice-President,
Programming and Operations
and Director

RALPH T. SNELGROVE
Barrie
Chairman of the Board,
CKVR Channel 3 Limited
Director

ROBERT M. SUTHERLAND, Q.C.
Toronto
Partner, Fasken & Calvin
Director

MARJORIE WATERS
Toronto
Director

TAYLOR C. BAIDEN, B. Comm., C.A.
Toronto
Controller, Assistant-Secretary

C. ERIC VERKADE, B. Math., C.A.
Toronto
Assistant-Controller

FINANCIAL HIGHLIGHTS

	Year ended August 31	
	1981	1980
Revenue, less agency commissions	**$73,471,000**	$63,137,000
Net earnings before extraordinary items	**6,123,000**	3,598,000
Earnings per Class B and common share before extraordinary items	**1.51**	1.08
Net earnings per Class B and common share	**1.67**	1.28
Working capital from operations	**10,588,000**	8,745,000
Working capital at end of year	**3,312,000**	7,746,000
Provision for income taxes	**7,999,000**	5,635,000
Term bank loan payable	**2,400,000**	9,600,000
Shareholders' equity	**47,607,000**	33,123,000
Dividends paid —Class B shares	**1,030,000**	650,000
—Common shares	**425,000**	352,000
Capital expenditures	**2,743,000**	2,282,000

Allan Waters

REPORT TO THE SHAREHOLDERS

For the second consecutive year, I am extremely pleased to report that CHUM Limited had record consolidated sales and earnings.

The major highlights for the year ended August 31, 1981, are:

Revenue up 16% to $73,471,000

Earnings before taxes up 36% to $14,596,000

Net earnings per share up 30% to $1.67

Term bank loan reduced by $7,200,000

Capital expenditures $2,743,000

Our 1981 increase in revenue compared with 1980 amounted to over $10,000,000, and while operating costs were up in excess of $6,000,000, we still had a nice increase in net earnings for the year of $2,500,000.

While it is always gratifying to report a substantial increase in earnings, it is also gratifying to report a substantial reduction in our term bank loan, over $7,000,000 in 1981, so that our long term bank debt now stands at $2,400,000, compared with $12,800,000 in 1978. With today's high interest rates, this is a remarkable achievement, and will have a positive effect on future earnings of the Company.

This year, CHUM Limited increased the special dividend from 6¢ to 11¢ per share on both the Class B and Common Stock.

Total dividends of 35¢ per Class B and Common share were paid for the year ended August 31, 1981, which amounted to $1,455,000 in dividends compared with $1,002,000 paid in 1980.

During our 1981 fiscal year, there were some very important acquisitions.

I reported to the shareholders last year that CHUM Limited had applied for permission to purchase 70% of the outstanding shares of Dinosaur Broadcasting (1957) Ltd., which operates Alberta radio stations CKBR-Brooks, CJDV- Drumheller and CHOA-Stettler. Our application was approved by the Canadian Radio-television and Telecommunications Commission on February 24, 1981, with the effective date of consolidation being March 1, 1981.

An agreement has since been reached with the remaining minority shareholders of Dinosaur Broadcasting (1957) Ltd., to exchange their shares for 24,295 CHUM B shares. We are awaiting the approval of the CRTC before completing this transaction.

As announced previously, CHUM Limited acquired the minority interests in Channel SeventyNine Limited and Atlantic Television System Limited. With effect from January 1, 1981, both these companies are wholly owned subsidiaries of CHUM Limited.

On April 14, 1981, the Canadian Radio-television and Telecommunications Commission granted a five year license to

Atlantic Television System Limited for a new satellite delivered program service to the Atlantic Provinces and Eastern Arctic to be known as ATV 2.

Preparations for the introduction of this new service are underway, and it is hoped that ATV 2 will commence its new regional program service late next year following the launch of Canada's new Anik C satellite. ATV 2 is the first satellite originated program service to be licensed in Canada, and brings to three the number of Canadian television services licensed to serve much of the Atlantic region.

We are pleased with the Alberta acquisitions, our increased holdings in CITY-TV and ATV, and the grant of a new television service for Atlantic Canada.

As reported in previous years, we at CHUM Limited, continue our concentration on sales training and the building of strong retail, regional and national sales forces. To further strengthen our efforts in this vital area, we have recently added a Marketing Director who works with each of our companies in the development of new techniques for increasing the marketability, and thus the sales, of companies in the CHUM Group.

Last year, I mentioned that the growth of Television was somewhat uncertain due to the advent of a variety of new video technologies, and the fact that the Federal Government would soon license Pay-TV in Canada. I can report to you now that our CHUM Group television stations had excellent growth during the past year, and I believe this same growth will be maintained in the current year.

Pay-TV has not been licensed as yet, but the hearings for licenses were held in October, 1981, and it is expected that the CRTC will issue licenses early in 1982. When Pay-TV does come to Canada, I do not believe it will materially affect the present audiences of free-TV.

It is my opinion that free-TV will continue to grow and gain even more acceptance as the leading information and entertainment medium.

It is also my opinion that both AM and FM radio will continue their present audience growth pattern, and will gain increased acceptance by both retail and national advertisers due to their low cost of reaching the all important consumer.

As we have in the past at CHUM Limited, we will continue to seek out new opportunities for expansion, particularly in radio and television broadcasting and associated fields.

Allan Waters, President

Toronto, Ontario,
November 10, 1981

CONSOLIDATED BALANCE SHEET

ASSETS

	August 31 1981	1980
Current assets:		
Cash and short-term deposits	**$ 260,000**	$ 3,669,000
Accounts receivable	**12,760,000**	10,546,000
Program rights	**6,564,000**	3,804,000
Inventories and other assets	**1,015,000**	849,000
	20,599,000	18,868,000
Program rights	**7,817,000**	8,341,000
Notes and loan receivable (Note 3)	**1,639,000**	1,478,000
Fixed assets, at cost:		
Land	**1,579,000**	1,567,000
Buildings and equipment	**34,674,000**	31,953,000
	36,253,000	33,520,000
Less: Accumulated depreciation	**23,109,000**	20,720,000
	13,144,000	12,800,000
Other assets:		
Franchise, at cost less amortization	**61,000**	133,000
Excess of cost of shares of subsidiary companies over book value of underlying assets and other goodwill, at cost less amortization	**28,672,000**	20,545,000
	28,733,000	20,678,000
	$71,932,000	$62,165,000

APPROVED BY THE BOARD:

Director

Director

LIABILITIES AND SHAREHOLDERS' EQUITY

	August 31	
	1981	1980
Current liabilities:		
Bank loans	**$ 2,980,000**	$ 671,000
Accounts payable and accrued liabilities	**5,258,000**	3,437,000
Income taxes payable	**2,593,000**	1,518,000
Current portion of long-term debt (Note 4)	**6,456,000**	5,496,000
	17,287,000	11,122,000
Long-term debt (Note 4)	**6,956,000**	13,862,000
Minority interests	**82,000**	4,058,000
Shareholders' equity:		
Capital stock (Note 5)	**23,353,000**	14,192,000
Retained earnings	**24,254,000**	18,931,000
	47,607,000	33,123,000
	$71,932,000	$62,165,000

AUDITORS' REPORT

To the Shareholders of CHUM Limited:

We have examined the consolidated balance sheet of CHUM Limited and subsidiary companies as at August 31, 1981 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at August 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
November 6, 1981

PRICE WATERHOUSE
Chartered Accountants

CONSOLIDATED STATEMENT OF EARNINGS

	Year ended August 31	
	1981	1980
Revenue, less agency commissions	**$73,471,000**	$63,137,000
Operating expenses	**54,822,000**	48,391,000
	18,649,000	14,746,000
Other expenses (income):		
Interest expense, including $1,237,000 on long-term debt (1980–$1,719,000)	**1,412,000**	1,839,000
Interest and other income	**(277,000)**	(393,000)
Depreciation	**2,465,000**	2,305,000
Amortization of franchise and goodwill	**453,000**	258,000
	4,053,000	4,009,000
Earnings before income taxes and minority interests	**14,596,000**	10,737,000
Provision for income taxes	**7,999,000**	5,635,000
	6,597,000	5,102,000
Minority interests in earnings of subsidiary companies	**474,000**	1,504,000
Net earnings before extraordinary items	**6,123,000**	3,598,000
Extraordinary items:		
Income tax reduction realized on the carry-forward of prior years' losses	**930,000**	852,000
Loss on discontinued operations, net of applicable income taxes	**(275,000)**	(166,000)
	655,000	686,000
Net earnings for the year	**$ 6,778,000**	$ 4,284,000
Earnings per Class B and common share (Note 7):		
Net earnings before extraordinary items	**$1.51**	$1.08
Net earnings for the year	**$1.67**	$1.28

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended August 31	
	1981	1980
Source of funds:		
Operations–		
Net earnings before extraordinary items	**$ 6,123,000**	$ 3,598,000
Add: Charges not affecting working capital– Depreciation and amortization	**2,918,000**	2,563,000
Minority interests in earnings of subsidiary companies	**474,000**	1,504,000
Income tax reductions relating to losses carried forward and goodwill	**1,073,000**	1,080,000
Working capital from operations	**10,588,000**	8,745,000
Increase in non-current program rights payable	**310,000**	1,659,000
Class B shares issued	**9,161,000**	2,466,000
Common shares issued	**—**	1,276,000
Decrease in non-current program rights	**524,000**	—
Proceeds from discontinued operations	**540,000**	—
Other	**—**	29,000
	21,123,000	14,175,000
Application of funds:		
Additions to fixed assets, net	**2,743,000**	2,282,000
Additions to non-current program rights	**—**	2,624,000
Reduction of term bank loan and mortgages	**7,216,000**	2,315,000
Dividends paid	**1,455,000**	1,002,000
Acquisition of additional interest in subsidiary companies (Note 2)	**12,565,000**	3,742,000
Acquisition of interest in subsidiary company, including working capital deficit acquired of $294,000 (Note 2)	**1,312,000**	—
Other	**266,000**	—
Dividends paid to minority shareholders of a subsidiary	**—**	372,000
	25,557,000	12,337,000
Increase (decrease) in working capital	**(4,434,000)**	1,838,000
Working capital at beginning of year	**7,746,000**	5,908,000
Working capital at end of year	**$ 3,312,000**	$ 7,746,000

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Year ended August 31	
	1981	1980
Retained earnings at beginning of year	**$18,931,000**	$15,649,000
Net earnings for the year	**6,778,000**	4,284,000
	25,709,000	19,933,000
Deduct:		
Dividends paid (24¢ per share regular; 11¢ (1980-5¢) per share special) Class B shares	**1,030,000**	650,000
Common shares	**425,000**	352,000
	1,455,000	1,002,000
Retained earnings at end of year	**$24,254,000**	$18,931,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, AUGUST 31, 1981

1. Accounting policies:

Consolidation–

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. The accounts of one subsidiary are included as at January 31, 1981, its fiscal year end.

Program rights–

For Channel SeventyNine Limited, the costs of program rights are amortized over the period of the rights contract on the basis of usage. Such costs are allocated between current and non-current assets based on estimated usage in the next year. Costs of program rights are written off when deemed to be of no value. Liabilities for these program rights are reflected in the balance sheet when the Company is committed, at which time the related costs are recorded as assets.

For other subsidiary television companies, the costs of program rights are written off as incurred.

Inventories–

Inventories are accounted for at the lower of cost and net realizable value.

Depreciation–

Depreciation is provided in the accounts of the companies on the reducing balance method at the following rates: buildings–5%; equipment–20% to 25%. Leasehold improvements are amortized on a straight-line basis over the term of the lease plus one renewal period.

Franchise–

The franchise is being amortized on a straight-line basis over the period of the franchise agreement.

Goodwill–

It is the Company's policy not to amortize the excess cost of shares of subsidiary companies and other goodwill relating to acquisitions made prior to April 1, 1974 amounting to $12,385,000, since these amounts are considered to be of continuing value. Goodwill relating to acquisitions made after April 1, 1974 is being amortized on a straight-line basis over periods of 20 to 40 years.

The tax saving resulting from the portion of goodwill allowed as a deduction in computing taxable income is credited against the cost of the goodwill.

2. Acquisitions:

(a) Atlantic Television System Limited–

During the year, the Company issued 125,988 Class B shares at $14.00 per share and paid $4,410,000 cash in exchange for the remaining common shares of Atlantic Television System Limited at a total value of $6,174,000. This acquisition was effective January 1, 1981 and increased the Company's investment in Atlantic Television System Limited from 70% to 100%. Excess of cost over book value of underlying net assets included in the acquisition amounted to $2,275,000.

(b) Channel SeventyNine Limited (CITY-TV)–

During the year, the Company issued, to directors and officers of CITY-TV, 491,636 Class B shares at $13.00 per share in exchange for the remaining common shares of CITY-TV at a total value of $6,391,000. This acquisition was effective January 1, 1981 and increased the Company's investment in CITY-TV from 70.6% to 100%. Excess of cost over book value of underlying net assets included in the acquisition amounted to $5,788,000.

(c) Dinosaur Broadcasting (1957) Ltd.–

Effective March 1, 1981 the Company purchased 69.4% of the outstanding shares of Dinosaur Broadcasting (1957) Ltd, which operates three radio stations in Alberta. The acquisition has been accounted for using the purchase method and accordingly the results of operations from the date of acquisition have been included in the consolidated statement of income (Note 8(b)).

The following is a summary of the transaction:

Underlying net assets acquired:	
Total tangible assets	$ 391,000
Total liabilities	482,000
	(91,000)
Minority interest in deficit	28,000
	63,000
Consideration (See below)	1,018,000
Excess of cost over underlying net assets acquired	$1,081,000

The consideration comprised 69,379 Class B shares at $14.50 per share plus $12,000 cash.

3. Notes and loan receivable:

	August 31 1981	1980
Non-interest bearing promissory notes, secured by Class B shares of CHUM Limited	**$1,382,000**	$1,423,000
Other notes and loan	**257,000**	55,000
	$1,639,000	$1,478,000

The non-interest bearing promissory notes are due on or before December 31, 1981. The amounts are subject to escalation each calendar year to December 31, 1983.

4. Long-term debt:

	August 31 1981	1980
Term bank loan repayable in two equal annual instalments of $1,200,000 in August 1986 and 1987 with interest at 1/2% above prime bank rate but at a minimum of 10% per annum (1)	**$ 2,400,000**	$ 9,600,000
Mortgages, with interest at 5% and 7% due in instalments to 1986	**92,000**	107,000
	2,492,000	9,707,000
Program rights payable 1982–1989 (2)	**10,920,000**	9,651,000
	13,412,000	19,358,000
Less: Current portion	**6,456,000**	5,496,000
	$ 6,956,000	$13,862,000

(1) The term bank loan is unsecured; however, if requested at any time by the bank the Company has undertaken to provide, within thirty days, security consisting of general assignments of receivables of all companies in the group, fixed charges on the shares of the subsidiaries and floating charges on the assets of all the companies.

(2) Payments on contracts for program rights of $6,440,000 estimated to be made in the year ending August 31, 1982 are included in the current portion above. The amounts due in each of the years 1983 to 1989 are dependent in part on the dates such programs are shown and cannot be reasonably estimated.

The principal repayments of long-term debt, excluding program rights, required in each of the next six years ended August 31, are as follows:

1982	$ 16,000
1983	17,000
1984	18,000
1985	16,000
1986	1,205,000
1987	1,220,000

5. Capital stock:

	August 31 1981	1980
Non-voting Class B shares without par value– Authorized–7,940,000 shares Issued–3,073,722 shares (1980–2,386,719 shares)	**$21,096,000**	$11,935,000
Common shares without par value– Authorized–1,492,774 shares Issued–1,214,677 shares	**2,257,000**	2,257,000
	$23,353,000	$14,192,000

(a) The holders of the Class B shares are entitled to receive, if, as and when declared by the board of directors, annual non-cumulative dividends at the rate of 24¢ per share. No dividends shall be declared on the common shares in any year until dividends of 24¢ per share have been paid on the Class B shares. Whenever in any year dividends of 24¢ per share have been paid on both the Class B and common shares, any further dividends shall be paid equally on the Class B and common shares.

The Class B and common shareholders are entitled to share equally in any distribution of the Company's assets on winding up.

(b) Options are outstanding to purchase 20,000 non-voting Class B treasury shares exercisable at $14.00 per share until expiry on March 15, 1983.

(c) During the year, 687,003 Class B shares were issued in exchange for common shares of various subsidiary companies at a total aggregate consideration of $9,161,000 (Note 2).

6. Income taxes:

As at August 31, 1981 certain subsidiary companies had non-capital losses and other timing differences available for carry forward to future periods, calculated on the accounting basis, amounting to approximately $1,907,000. These losses are summarized as follows:

Losses for income tax purposes expiring in 1983	$ 95,000
1984	333,000
1985	42,000
1986	289,000
	759,000
Excess of undepreciated capital cost of fixed assets over net book value	1,148,000
	$1,907,000

In addition, capital losses of approximately $439,000 are available to be carried forward against capital gains realized in future years.

No recognition has been given in the consolidated financial statements to the potential future tax saving resulting from the availability of these losses.

7. Earnings per share:

Earnings per share have been calculated on the basis of the weighted average number of shares outstanding during the year of 4,047,835 (1980–3,334,096).

8. Commitments:

(a) Leases–

The Company and its subsidiaries are committed under operating leases for rental of properties, broadcasting facilities and other equipment extending for varying periods to 1999 in the aggregate minimum amount of approximately $6,135,000. Rental expense for such facilities for the year ended August 31, 1981 amounted to $1,073,000 and total payments required in each of the next five years are: 1982–$807,000; 1983–$740,000; 1984–$655,000; 1985–$552,000; 1986–$471,000.

(b) Acquisition–

The Company has agreed to purchase the remaining 30.6% minority interest in shares of Dinosaur Broadcasting (1957) Ltd., for an aggregate consideration of $340,000. The purchase price is to be payable by the issue of 24,295 Class B shares of CHUM Limited. This transaction is subject to the approval of the Canadian Radio-television and Telecommunications Commission.

9. Contingent liabilities:

(a) In 1979, a subsidiary of the Company was named as a co-defendant in a number of legal actions arising from an accident involving the subsidiary's television tower. The Company has insurance coverage for matters of this nature but the total amount of the claims has not been fully determined at this time. It is the opinion of management and its legal counsel that the Company has a substantial defence to the claims made against it and therefore no provision for this matter has been made in the financial statements.

(b) The Company is contingently liable for certain sales-type lease payments, that have been financed with recourse in a subsidiary. The total amount of the contingency in each of the next five years is: 1982–$560,000; 1983–$560,000; 1984–$511,000; 1985–$436,000; 1986–$272,000.

10. Business segments:

The Company operates primarily in the broadcasting industry across Canada, owning radio and television stations and a Muzak franchise.

11. Related party transactions:

The Atlantic Television System Group of companies operate as full affiliates within the CTV Television Network. As such, they share in certain revenues and expenses. CKVR-TV also shares in certain revenues through its affiliation with the Canadian Broadcasting Corporation.

DESIGNED & PRODUCED IN CANADA BY SUMMERHILL GRAPHICS

BRITISH COLUMBIA
CFUN Vancouver

ALBERTA

CJDV	Drumheller
CHOA	Stettler
CKBR	Brooks

MANITOBA

CFRW	Winnipeg
CHIQ-FM	Winnipeg

ONTARIO

CHUM	Toronto
CHUM-FM	Toronto
CITY-TV	Toronto
CFRA	Ottawa
CFMO-FM	Ottawa
CKPT	Peterborough
CKQM-FM	Peterborough
CKVR-TV	Barrie

HUCHM Productions

"Music by Muzak" for the Province of Ontario

Ottawa Football Club Limited, Ottawa

National Security Systems, Toronto

MARITIMES

CJCH	Halifax
CIOO-FM	Halifax

Atlantic Television System

CJCH-TV	Halifax
CJCB-TV	Sydney
CKCW-TV	Moncton/Charlottetown
CKLT-TV	Saint John/Fredericton

The Chum Group

TO THE SHAREHOLDERS:

CHUM Limited had excellent net earnings for the six months ended February 28, 1981. Including extraordinary items, the total was $2,361,000 or 62¢ per share, as compared with $1,301,000 or 40¢ per share for the same period last year.

Sales for this period showed a nice increase to $35,754,000, four million dollars higher than the $31,586,000 for last year.

We were delighted to have our application to purchase 70% of the outstanding shares of Dinosaur Broadcasting (1957) Ltd. approved by the Canadian Radio-television and Telecommunications Commission on February 24, 1981, and the transaction has been completed. The effective date of consolidation is March 1, 1981.

As mentioned in our interim report for the three months ended November 30, 1980, the acquisitions of the minority interests in Channel SeventyNine Limited and Atlantic Television System Limited have been completed with the effective date of consolidation being January 1, 1981.

Allan Waters,
President

Toronto, Ontario
April 13, 1981

Printed in Canada

CHUM Limited

INTERIM REPORT FOR SIX MONTHS
ENDED FEBRUARY 28, 1981

CHUM Limited

and SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS

(not audited)

	Six Months Ended February 28 1981	Six Months Ended February 29 1980
Revenue, less agency commissions	$35,754,000	$31,586,000
Operating expenses	27,558,000	25,296,000
	8,196,000	6,290,000
Other expenses (income):		
Interest expense, including $734,000 on long-term debt (1980 — $943,000)	810,000	998,000
Interest and other income	(225,000)	(164,000)
Depreciation	1,218,000	1,277,000
Amortization of franchise and goodwill	177,000	124,000
	1,980,000	2,235,000
Earnings before income taxes and minority interests	6,216,000	4,055,000
Provision for income taxes	3,533,000	2,265,000
	2,683,000	1,790,000
Minority interests in earnings of subsidiary companies	656,000	699,000
Net earnings before extraordinary item	2,027,000	1,091,000
Extraordinary item:		
Income tax reduction realized on the carry-forward of prior years' losses	334,000	210,000
Net earnings for the six months	$ 2,361,000	$ 1,301,000
Earnings per Class B and common share (Note):		
Net earnings before extraordinary item	53¢	34¢
Net earnings for the six months	62¢	40¢
Total Class B and common shares issued	4,219,020	3,244,996

Note: Earnings per share have been calculated on the basis of the weighted average number of shares outstanding during the six months of 3,807,271 (1980 — 3,244,996)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(not audited)

	Six Months Ended February 28 1981	Six Months Ended February 29 1980
Source of funds:		
Operations —		
Net earnings before extraordinary item	$ 2,027,000	$ 1,091,000
Add: Charges not affecting working capital —		
Depreciation and amortization	1,395,000	1,401,000
Minority interests in earnings of subsidiary companies	656,000	699,000
Income tax reductions relating to losses carried forward and goodwill	413,000	247,000
Working capital from operations	4,491,000	3,438,000
Increase in non-current program rights payable	—	135,000
Decrease in notes receivable	15,000	15,000
Decrease in non-current program rights	1,234,000	815,000
Issue of 617,624 Class B shares	8,155,000	—
	13,895,000	4,403,000
Application of funds:		
Additions to fixed assets (net)	1,220,000	1,261,000
Reduction of long-term debt	2,410,000	1,110,000
Dividends paid	323,000	258,000
Decrease in non-current program rights payable	109,000	—
Dividends paid to minority shareholders of a subsidiary	—	372,000
Acquisition of additional interest in subsidiaries	12,565,000	—
	16,627,000	3,001,000
Increase (decrease) in working capital	(2,732,000)	1,402,000
Working capital at beginning of period	7,746,000	5,908,000
Working capital at end of period	$ 5,014,000	$ 7,310,000